
Trelleborg Sealing Solutions Helsingør A/S

Fabriksvej 17A, DK-3000 Helsingør

Annual Report for 1 January - 31 December 2023

CVR-nr. 26 23 05 19

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
10 / 06 2024

Katarina Olsson
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Trelleborg Sealing Solutions Helsingør A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Elsinore, March 11 2024

Executive Board

Bjarne Simon Havshøj-Jensen
CEO

Board of Directors

Gordon Micallef
Chairman

Neil Davies

Thomas Hebo Lønholdt

Henrik Brauer
Staff Representative

Jan Eckhausen
Staff Representative

Independent Auditor's Report

To the Shareholder of Trelleborg Sealing Solutions Helsingor A/S

Opinion

We have audited the financial statements of Trelleborg Sealing Solutions Helsingor A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, March 11 2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR-nr. 33963556

Christian Sanderhage
State Authorised Public Accountant
Identification number (MNE) mne23347

Company Information

The company

Trelleborg Sealing Solutions Helsingør A/S
Fabriksvej 17A
DK-3000 Helsingør

Telephone: + 45 49 27 03 33

CVR-no.: 26 23 05 19

Financial period: 1 January - 31 December

Municipality of reg. office: Elsinore

Board of Directors

Gordon Micallef, Chairman
Thomas Hebo Lønholdt
Neil Davies
Henrik Brauer
Jan Eckhausen

Executive Board

Bjarne Simon Havshøi-Jensen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Lawyers

SIRIUS advokater
Frederiksberggade 11
DK-1459 København K

Bankers

Skandinaviska Enskilda Banken
Bernstorffsgade 50
DK-1577 Copenhagen

Financial Highlights

	<u>2023</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK
Key figures					
Profit/loss					
Revenue	355.891	392.954	434.111	369.201	426.072
Gross profit/loss	109.447	130.517	192.148	104.982	144.073
Profit before financial income and expenses	5.371	11.338	95.693	44.302	75.340
Net financials	-2.570	-566	54	-1.025	-343
Net profit/loss for the year	2.315	8.573	74.921	33.883	57.592
Balance sheet					
Balance sheet total	324.044	325.222	315.344	260.967	266.940
Equity	165.340	163.025	204.452	159.531	125.648
Investment in property, plant and equipment	15.474	43.961	45.707	8.783	48.158
Number of employees	333	360	353	362	400
Ratios in %					
Gross margin	30,75%	33,21 %	44,26%	28,43%	33,81%
Profit margin	1,51%	2,89 %	22,04%	12,00%	17,68%
Return on assets	1,66%	3,49 %	30,35%	16,98%	28,22%
Solvency ratio	51,02%	46,28 %	64,83%	61,13%	47,10%
Return on equity	1,41%	4,67%	41,17%	23,76%	43,70%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Finance Society. For definitions, see under accounting policies.

Managements Review

Main activity

The Company produces and sells sealing systems and bearing materials within various industrial areas including the aerospace and automotive industry.

The Company only sells to other companies within the Group and exports all sales.

Development in the year

The Company has seen a negative development in revenue in the financial year 2023 leading to a decrease in revenue of app 9.4 % compared to prior year – Reduction of costs have been a focus area during 2023.

The profit for the financial year 2023 amounts to DKK 2.315k. For the financial year 2022 the similar profit amounted to DKK 8.573k. The negative development compared to prior year is due to costs related to redundancies.

The management considers the financial result to be satisfactory

External environment

The Company's overall environmental policy is to prevent environmental problems so that the Company at any time will be a reliable cooperation partner. Besides complying with current statutory requirements concerning environmental protection, it is the objective of the Company on its own initiative to work for a general reduction of the impact of the Company's activities on the surrounding environment.

The Company is certification according to the ISO 14001 environmental standard, showing its focus on environmental protection.

Foreign exchange risks

Activities abroad entail that profit cash flows and equity are affected by the exchange rate and interest movements of a number of foreign currencies. It is not the Company's policy to hedge against commercial foreign exchange risks.

Research and Development

Development activities primarily comprise the development of new materials for production. No costs were capitalized during the year.

Corporate Social Responsibility

The reporting regarding CSR is included in the Consolidated Financial Statements of Trelleborg AB, Sweden, see www.trelleborg.com/en/investors/reports/annual--reports

Target rate for the Board of Directors and equality in management levels

Management level	Status 2023 % of underrepresented gender	Target %	Year for reaching target
Board of Directors	- Members: 6 - 0% women	40%	2028
First level of management	- Members: 7 - 29% women	40%	2024
Second level of management	- Members: 11 - 36% women	40%	2025

The composition of the Board of Directors and the Executive Board continue to be based on the competencies of all members, and the best qualified candidate is appointed. By 2023 the Board of Directors did not include any females even though the year has seen changes. The ambition for gender diversity continues.

First level of management has reached the target of 40% already in Q1 2024.

Based on the code of conduct of the Trelleborg Group with respect to fair employment practices based on a principle of respect for our employees and their human rights under which we will not subject our employees to any difference of treatment in connection with appointments based on gender, race, religion, age, handicap, sexual orientation, nationality, political conviction or social or ethnic origin, we have prepared an equality policy which applies to all management levels in the Company.

To support our targets of increasing the underrepresented gender in all levels of management, efforts are ongoing to ensure diversity in in-house training, promotions, and recruitment process. Current level of the underrepresented gender is acceptable as already implemented activities regarding training, promotions and recruitment is expected to have positive impact on diversity among executives.

The expected development

The company expects an increase in revenue and profit for 2025, due the falling inflation on direct materials and higher selling prices.

Subsequent events

No material subsequent events have occurred.

Politic for data ethics

As a result of increased digitalization in Trelleborg, IT is a crucial part of our business. Trelleborg has worked extensively to increase digitalization and data security.

The data ethics policy of Trelleborg is constituted by comprehensive IT security policies, internal & external IT audits, GDPR documentation systems, campaigns & training of employees as well as high continuous investments on hardware security.

Keeping sensitive data safe and protected is a high focus in Trelleborg. All data processing flows within the company are detailed documented, and sensitive data processing flows documented with external auditor declarations. Restriction of access to data is constantly updated, and any changes are routed to Group IT with multiple approval levels.

Income Statement 1 January - 31 December

	Note	2023 kDKK	2022 kDKK
Revenue	1	355.891	392.954
Cost of sales		-246.444	-262.436
Gross profit		109.447	130.517
Distribution expenses		-66.007	-75.620
Administrative expenses		-38.492	-43.800
Operating profit		4.948	11.098
Other operating income	2	4.402	816
Other operating expenses		-3.979	-576
Profit before financial income and expenses		5.371	11.338
Financial income	3	1.208	885
Financial expenses	4	-3.778	-1.451
Profit before tax		2.801	10.772
Tax on profit for the year	5	-489	-2.198
Profit for the year		2.315	8.573
Proposed distribution of profit			
Retained earnings		2.315	8.573
		2.315	8.573

Balance sheet 31. december

Assets

	Note	2023 kDKK	2022 kDKK
Land and buildings		29.622	30.640
Leasehold improvements		23.125	1.190
Plant and machinery		90.123	69.284
Other fixtures and fittings, tools and equipment		16.625	19.823
Property, plant and equipment under construction		11.231	48.099
Property, plant and equipment	6	170.726	169.036
Acquired software		14.827	17.360
Intangible assets	7	14.827	17.360
Non-current receivables	8	1.290	1.514
Financial fixed assets		1.290	1.514
Fixed assets		186.843	187.910
Inventories	9	77.122	93.744
Receivables from group enterprises		52.115	34.456
Other receivables	8	4.113	5.284
Prepayments	8	3.851	3.828
Receivables		60.079	43.568
Current assets		137.201	137.312
Assets		324.044	325.222

Balance sheet 31. december

Liabilities and equity

	<u>Note</u>	2023 kDKK	2022 kDKK
Share capital	10	18.000	18.000
Retained earnings		<u>147.340</u>	<u>145.025</u>
Equity		165.340	163.025
Other provisions	11	2.165	2.805
Provision for deferred tax	12	<u>13.871</u>	<u>13.814</u>
Provisions		16.036	16.619
Non-current lease liabilities	13	<u>10.296</u>	<u>11.865</u>
Long-term debt		10.296	11.865
Trade payables		14.743	31.422
Payables to group enterprises		80.064	66.891
Other payables		35.568	30.108
Current lease liabilities	13	1.569	1.721
Corporate tax		<u>428</u>	<u>3.571</u>
Short-term debt		132.372	133.713
Debt		<u>142.668</u>	<u>145.578</u>
Liabilities and equity		<u>324.044</u>	<u>325.222</u>
Contingent assets, liabilities and other financial obligations	14		
Staff	15		
Fee to auditors appointed at the general meeting	16		
Related parties	17		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	18.000	145.025	0	163.025
Ordinary dividend paid	0	0	0	0
Net profit/loss for the year	0	2.315	0	2.315
Equity at 31 December	18.000	147.340	0	165.340

Notes to the Annual Report

1 Revenue

Segment information

The Company's activity primarily comprises production of engineered polymer seals and bearings for industrial purposes. 100% of the sales are exports to other group enterprises. These group enterprise sales can be split into 85% to EU, 9% to Asia and 6% to America. Therefore, the Annual Report does not include information about business segments.

2 Other operating income

Other operating income comprise sale of machine

	2023 kDKK	2022 kDKK
3 Financial income		
Interest received from group enterprises	641	41
Exchange gains	567	844
	1.208	885
4 Financial expenses		
Interest paid to group enterprises	3.011	381
Other financial expenses	156	80
Exchange losses	611	891
	3.778	1.451
5 Tax on profit/loss for the year		
Current tax for the year	429	3.571
Tax relating to previous years	3	0
Deferred tax for the year	56	-1.372
	489	2.198
which breaks down as follows:		
Tax relating to previous years	3	0
Tax on profit/loss for the year	486	2.198
	489	2.198
Tax on profit/loss for the year is calculated as follows:		
Calculated 22% tax on profit/loss for the year before tax	616	2.370
Tax effect of:		
Tax on non-deductible expenses and non-taxable income	4	7
extraordinary tax depreciation basis 2020-2022 (+16%) transferred to ordinary tax depreciation basis	-134	-179
	486	2.198

Notes to the Annual Report

6 Property, plant and equipment

	Land and buildings kDKK	Leasehold improve- ments kDKK	Plant and machinery kDKK	Other fixtures and fittings, tools and equip- ment kDKK	Property, plant and equipment in progress kDKK
Cost at 1 January	54.779	1.213	190.067	66.585	48.099
Additions for the year	0	0	0	0	15.474
Disposals for the year	0	0	-1.824	-43	0
Transfers for the year	0	22.303	27.999	1.325	-52.342
Cost at 31 December	54.779	23.516	216.242	67.867	11.231
Impairment losses and depreciation at 1 January	-24.139	-23	-120.783	-46.762	0
Depreciation & impairment for the year	-1.018	-368	-7.160	-4.523	0
Reversal of impairment and depreciation of sold assets	0	0	1.824	43	0
Impairment losses and depreciation at 31 December	-25.157	-391	-126.119	-51.242	0
Carrying amount at 31 December	29.622	23.125	90.123	16.625	11.231

Included in the "Other fixtures and fittings, tools and equipment" are leased assets with a total carrying value of 11.587 kDKK per 31 December 2023

Depreciation and impairment of property, plant and equipment are recognised in the following items:

	2023 kDKK	2022 kDKK
Cost of sales	11.771	11.492
Distribution expenses	695	2.441
Administrative expenses	3.850	2.169
	16.316	16.102

7 Intangible assets

	Acquired software kDKK
Cost at 1 January	22.513
Additions for the year	715
Cost at 31 December	23.229
Impairment losses and depreciation at 1 January	-5.153
Depreciation & impairment for the year	-3.249
Impairment losses and depreciation at 31 December	-8.402
Carrying amount at 31 December	14.827

8 Other receivables & prepayments

Prepaid expenses	3.851	3.828
Other receivables	4.113	5.284
Short-term other receivables & prepayments	7.964	9.112
Prepaid expenses	292	553
Deposits	998	961
Long-term other receivables & prepayments	1.290	1.514
	9.254	10.626

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and bought raw materials.

Notes to the Annual Report

9 Inventories

Raw materials and consumables	22.678	27.287
Work in progress	24.387	30.109
Finished goods, building lot for resale	24.307	24.307
Finished goods and goods for resale	5.750	12.041
	<u>77.122</u>	<u>93.744</u>

10 Equity

The share capital of a nominal amount of kDKK 18,000 comprises the following shares:

Number	Face value kDKK	Total kDKK
1	798	798
1	70	70
22	5	110
1	2	2
18	1	18
4	0,5	2
1	<u>17.000</u>	<u>17.000</u>
		18.000

11 Other provisions

Provision for reestablishment of rented building	<u>2.165</u>	<u>2.805</u>
	2.165	2.805

12 Provision for deferred tax

Property, plant and equipment	14.644	13.510
Current assets	-296	-617
Liabilities	-477	921
	<u>13.871</u>	<u>13.814</u>

13 Long term debt

Current leasing liabilities	<u>1.569</u>	<u>1.721</u>
Current part of long term debt	1.569	1.721
Non-current lease liabilities	<u>10.296</u>	<u>11.865</u>
Non-current part of long term debt	10.296	11.865
Of which falls due in more than 5 years	<u>3.647</u>	<u>5.478</u>

Notes to the Annual Report

14 Contingent assets, liabilities and other financial obligations

	<u>2023</u> TDKK
Fabriksvej 17, Helsingør	5.461
Mørdrupvej 145-147, Espergærde	<u>2.163</u>
Contingent liabilities concerning VAT-regulations on owned properties	7.624

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

The company has a guarantee of 600 kDKK towards the Danish Environmental Protection Agency.

	<u>2023</u> TDKK	<u>2022</u> TDKK
15 Staff		
Wages and Salaries	178.904	163.337
Pensions	16.248	16.172
Other social security expenses	<u>3.198</u>	<u>3.678</u>
	198.350	183.187

With referral to the Danish Financial Statements Act § 98b salary to the CEO is excluded.

Average number of employees	<u>333</u>	<u>360</u>
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16 Fee to auditors appointed at the general meeting

Audit fee to the auditor	340	324
Non-audit services	<u>27</u>	<u>104</u>
	367	428

Notes to the Annual Report

17 Related parties

Controlling interest

Trelleborg AB, Sverige

Basis

Ultimate Parent Company

Other related parties

Gordon Micallef

Chairman

Neil Davies

Board member

Thomas Hebo Lønholdt

Board member

Henrik Brauer

Staff Representative

Jan Eckhausen

Staff Representative

Bjarne Simon Havshøi-Jensen

CEO

Transactions

The Company has in 2023 sold goods and machines to related parties of 360.3 mDKK, recharged internal costs to related parties of 26.6 mDKK, procured goods from related parties of 7.0 mDKK and been recharged internal costs from related parties of 13.6 mDKK.

Per 31 December 2023 the company has short-term receivables from group enterprises of 52.1 mDKK and short-term payables to group enterprises of 80.1 mDKK.

Apart from the above, there have been no transactions with other related parties during the year which have not been disclosed in the Annual Report, except for normal management remuneration.

Short summarization:

Trading with group enterprises consists of:

- Sale of goods: Based on internal fixed quotations which are cost+ based
- Internal recharge of costs: Contractual based recharges with a mark-up

Loan from parent company:

Loan from parent company of 76 mDKK has an internal interest rate of SE-LIBOR + 1%

Group structure

The Company's share capital of DKK 18,000,000 is wholly owned by Trelleborg Holding Danmark A/S.

Trelleborg AB, Sweden is the Parent Company which prepares the consolidated financial statements in which the Company is included as a subsidiary.

Accounting Policies

Basis of Preparation

Financial Statements of Trelleborg Sealing Solutions Helsingør A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

All accounting policies applied remain unchanged from last year.

Financial Statements are presented in kDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Accounting Policies

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labor costs and indirect production costs such as maintenance and depreciation, etc., as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses comprise interest, realized and unrealized exchange adjustments as well as extra payments and repayment under the on account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Accounting Policies

Balance Sheet

Intangible assets

Acquired software

Costs for acquired software measured at cost less accumulated amortization and impairment losses or at a lower recoverable amount.

Acquired software is amortized on a straight-line basis over the period of the expected economic benefit from the development work, but not exceeding 15 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labor, materials, components and sub-suppliers.

For financial leased assets the cost comprises the lowest value of fair value of the asset and present value of future leasing payments.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30-50 years	
Plant and machinery	7-15 years	
Other fixtures and fittings, tools and equipment	3-10	years

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

Accounting Policies

Financial fixed assets

Financial fixed assets comprise non-current prepayments and are recognized at amortized cost

Inventories

Inventories are measured at the lower of cost under the Average Cost Method and net realizable value.

The net realizable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realizable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labor with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are recognized in the balance sheet at amortized cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and bought raw materials.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation, and it is probable that economic benefits must be given to settle the obligation.

Accounting Policies

Deferred tax assets and liabilities

Deferred tax is recognized in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognized in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Leasing liabilities

Leasing liabilities concerning financial leased assets are recognized in the balance sheet as debt and measured from the time of contract signing at the present value of future leasing payments. After first recognition leasing liabilities are measured at amortized cost. The difference between the present value and the nominal value are recognized in the income statement over the contract period as a financial expense.

Financial debts

Debts are measured at amortized cost, substantially corresponding to nominal value.

Accounting Policies

Cash Flow Statement

Pursuant to section 86(4) of the Danish Financial Statements Act no cash flow statement has been prepared. The cash flow statement is included in the Consolidated Financial Statements of the Parent Company, Trelleborg AB, Trelleborg, Sweden.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$